



## IMPACT OF FINANCIAL LITERACY ON INVESTMENT BEHAVIOR AMONG YOUTH IN JALGAON

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### Abstract

People's investing behavior is greatly influenced by financial literacy, particularly among young people who are being exposed to a greater variety of financial goods and investment options. Young people are actively engaged in investing activities such as mutual funds, stock markets, insurance, fixed deposits, and digital investment platforms in today's quickly evolving financial landscape. On the other hand, bad financial planning and poor investment choices might result from a lack of financial understanding and awareness. The goal of the current study, "Impact of Financial Literacy on Investment Behavior among Youth in Jalgaon," is to investigate how financial literacy affects young people's investment behavior in the Jalgaon region. The study aims to comprehend the degree of financial literacy, investing preferences, and decision-making styles of people in the 18–35 age range. Both primary and secondary data serve as the foundation for the study. A systematic questionnaire will be used to gather primary data, while books, journals, publications, and internet resources will be used to gather secondary data. The data will be interpreted using statistical methods including regression analysis, correlation, and percentage analysis. It is anticipated that the study will find a strong correlation between adolescent investing behavior and financial literacy. The results may aid financial companies, educational institutions, and legislators in advancing financial literacy and motivating young people in Jalgaon to make wise investment choices.

**Keywords:** Financial Literacy, Investment Behavior, Youth, Investment Decision, Financial Awareness, Jalgaon.

### 1. Introduction

In today's financial world, when people must make educated decisions about investments, savings, budgeting, and financial planning, financial literacy has emerged as a crucial competency. It refers to the capacity to comprehend and use financial knowledge in order to manage one's own finances and make wise investment choices. Financial literacy may be viewed as a type of human capital that aids people in making better financial decisions and achieving economic well-being, according to studies on the subject by Annamaria Lusardi and Olivia Mitchell.

Due to growing knowledge, digital financial services, and simple access to online investing platforms, young people have been more involved in the financial markets in recent years. These days, young people are investing in a variety of financial products, including stocks, mutual funds, fixed deposits, insurance, gold, and cryptocurrencies. However, many young people lack sufficient financial education and awareness about risk management, diversification, and long-term financial planning, despite the increasing availability of investment possibilities.

"Financial knowledge is a form of investment in human capital," according to Lusardi and Mitchell. This emphasizes how crucial financial education is to enhancing people's investing habits and financial stability. People that are financially educated are often better at assessing investment options, comprehending financial dangers, and coming to logical investment conclusions.

Rapid economic growth, growing digitization, and an increase in retail investor engagement in financial markets have all contributed to the importance of financial literacy in India. Citizens are becoming more financially informed thanks to



government initiatives from the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), and financial institutions. Nonetheless, there are major disparities in young people's financial literacy, particularly in developing and semi-urban areas.

Young people in Maharashtra's Jalgaon area are also becoming more financially informed as a result of social media financial content, online investing apps, and digital banking. However, young people's investing choices are frequently impacted by societal trends, peer pressure, and a lack of financial literacy. In order to comprehend how financial knowledge influences investment decisions and financial planning techniques, it is crucial to investigate the influence of financial literacy on investing behavior among young people in Jalgaon.

The current study, "Impact of Financial Literacy on Investment Behavior among Youth in Jalgaon," is to investigate the connection between financial literacy and investment behavior among young people in the Jalgaon area who are between the ages of 18 and 35. The study focuses on examining young people's risk-taking behavior, investment preferences, financial literacy, and variables impacting their investment choices. The study's conclusions may aid financial firms, educational institutions, and legislators in creating successful financial education initiatives and encouraging young people to make wise investment decisions.

## 2. Literature Review

A study of the literature aids in comprehending earlier studies on investing behavior and financial literacy. Numerous scholars have examined the ways in which financial literacy affects people's investment choices, saving behaviors, risk tolerance, and financial planning, particularly among young people.

Financial literacy is seen by Annamaria Lusardi and Olivia S. Mitchell as a crucial life skill that empowers people to make wise financial decisions. Financially educated people are more likely to engage in financial markets, prepare for retirement, and effectively manage financial risks, according to the authors of the 2014 research "The Economic Importance of Financial Literacy: Theory and Evidence." Financial literacy has a beneficial impact on investing and saving behavior, according to the study.

Young people with greater financial literacy exhibit better money management and investing skills, according to a survey by the OECD-INFE International Survey of Adult Financial Literacy Competencies. According to the research, responsible financial conduct and financial well-being are greatly enhanced by financial education.

According to Mandell and Klein's research, young people' and students' financial literacy has a direct impact on their capacity to make sound financial decisions. The researchers found that bad budgeting, low savings, and poor investment choices are caused by a lack of financial literacy.

A research on financial literacy among working young people in India by Agarwalla, Barua, Jacob, and Varma found that financial literacy levels are highly influenced by education level, income, and job experience. The study also found that financially aware individuals tend to adopt systematic investment practices and long-term financial planning.

According to a research by Rooij, Lusardi, and Alessie, those who are more financially literate are more likely to engage in stock market trading and other investment-related activities. The researchers emphasized that having financial knowledge lowers the anxiety and uncertainty that come with making investing decisions.



A significant portion of young individuals lack fundamental financial knowledge on inflation, interest rates, diversification, and risk management, according to research done by Klapper, Lusardi, and Oudheusden through the Global Financial Literacy Survey. The report highlighted how urgently young financial education initiatives are needed.

SEBI Investor knowledge Initiatives have consistently raised financial knowledge about investment products and investor safety in the Indian context. These programs seek to increase retail investors' financial literacy and motivate them to make wise investment choices.

Financial literacy has a substantial impact on people's investing behavior, savings habits, risk-taking capacity, and financial planning, according to the research study. The majority of research shows that young people who are financially educated are more likely to make sensible and knowledgeable investing choices. However, there aren't many studies that particularly target the Jalgaon district's youth population. In order to close this research gap, the current study looks at how financial literacy affects young people's investing behavior in Jalgaon.

### 3. Research Methodology

The goal of the current study, "Impact of Financial Literacy on Investment Behavior among Youth in Jalgaon," is to investigate how financial literacy affects the investment behavior of young people living in the Jalgaon region. The study aims to comprehend how young people's financial planning, savings practices, and investment decisions are influenced by their financial literacy.

#### 3.1 Objectives of the Study

1. To study the level of financial literacy among youth in Jalgaon.
2. To examine the investment behavior of youth in Jalgaon.
3. To analyze the impact of financial literacy on investment behavior among youth in Jalgaon.
4. To identify the relationship between financial awareness and investment decision-making among youth.
5. To suggest measures for improving financial literacy and investment practices among youth in Jalgaon.

#### 3.2 Hypothesis of the Study

(H<sub>0</sub>) There is no significant impact of financial literacy on investment behavior among youth in Jalgaon.

(H<sub>1</sub>) There is a significant impact of financial literacy on investment behavior among youth in Jalgaon.

#### 3.3 Research Design

The current study is descriptive and analytical in nature. The purpose of the study is to examine the connection between young people's investing behavior and financial literacy in the Jalgaon district.

#### 3.4 Sources of Data

The study is based on both primary and secondary data.

##### 3.4.1 Primary Data

Primary data will be collected through a structured questionnaire from respondents aged between 18 to 35 years residing in Jalgaon district.

##### 3.4.2 Secondary Data

Secondary data will be collected from:

- Research journals
- Books
- Articles



- RBI reports
- SEBI reports
- Government publications
- Websites and online databases

### 3.5 Population of the Study

The whole population of the Jalgaon district makes up the study's population. 4,229,917 people live in the Jalgaon district, according to the 2011 Census of India.

### 3.6 Sample Size

For the present study, a sample size of **160 respondents** has been selected from youth residing in Jalgaon district.

### 3.7 Sampling Technique

The study uses the **Convenience Sampling Method** for selecting respondents.

### 3.8 Area of the Study

The study is limited to Jalgaon district in Maharashtra.

### 3.9 Variables of the Study

| Type of Variable     | Variable            |
|----------------------|---------------------|
| Independent Variable | Financial Literacy  |
| Dependent Variable   | Investment Behavior |

### 3.10 Tools for Data Collection

A structured questionnaire will be used for collecting primary data. The questionnaire includes:

- Demographic details
- Financial literacy-related questions
- Investment behavior-related questions

A five-point Likert Scale will be used to measure responses of the participants.

### 3.11 Tools for Data Analysis

The collected data will be analyzed using statistical tools such as:

| Objective                | Statistical Tool            |
|--------------------------|-----------------------------|
| Demographic Analysis     | Percentage Analysis         |
| Financial Literacy Level | Mean and Standard Deviation |
| Relationship Analysis    | Pearson Correlation         |
| Impact Analysis          | Regression Analysis         |
| Reliability Testing      | Cronbach's Alpha            |

The data will be analyzed using SPSS and Microsoft Excel.

### 3.12 Scope of the Study

The study focuses on youth aged between 18 to 35 years residing in Jalgaon district and examines the impact of financial literacy on their investment behavior.

### 3.13 Limitations of the Study

1. The study is limited to Jalgaon district only.
2. The study is based on responses collected from selected respondents.



3. Due to time and resource constraints, the sample size is limited to 160 respondents.
4. The findings of the study may vary depending on respondent understanding and perception.

#### 4. Data Analysis and Interpretation

##### 4.1. Demographic Analysis

**Table 1: Gender-wise Distribution**

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male   | 92        | 57.5%      |
| Female | 64        | 40.0%      |
| Other  | 4         | 2.5%       |
| Total  | 160       | 100%       |

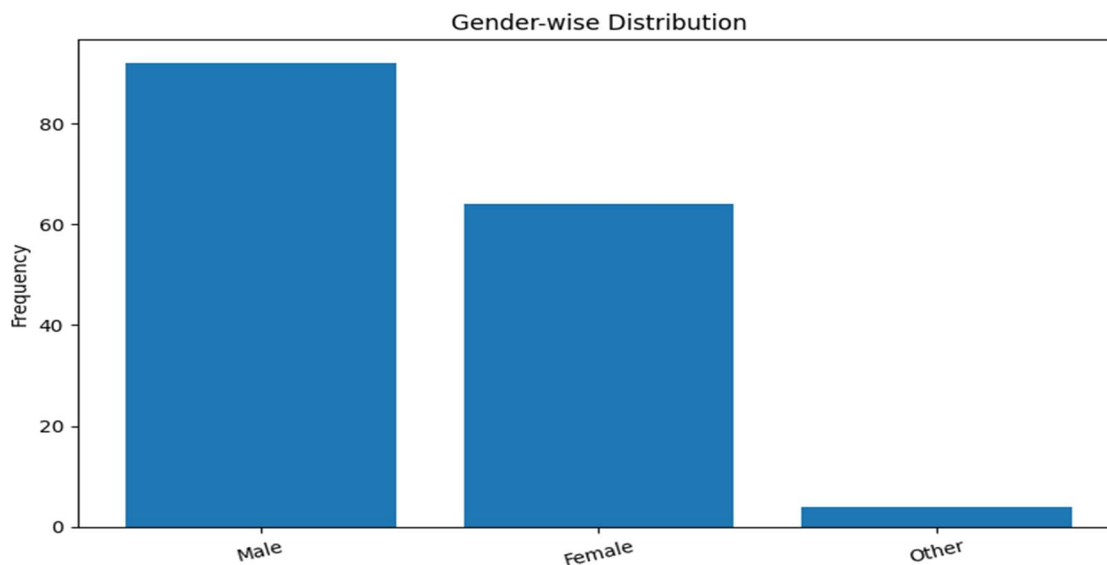


**Chart no 1: Gender-wise Distribution**

##### Interpretation

The above table shows that out of 160 respondents, 57.5% were male, 40% were female, and 2.5% belonged to other gender categories. This indicates that male respondents participated more in the study.

**Table 2: Age-wise Distribution**

| Age Group   | Frequency | Percentage |
|-------------|-----------|------------|
| 18–22 Years | 48        | 30.0%      |
| 23–27 Years | 62        | 38.75%     |
| 28–31 Years | 30        | 18.75%     |
| 32–35 Years | 20        | 12.5%      |
| Total       | 160       | 100%       |



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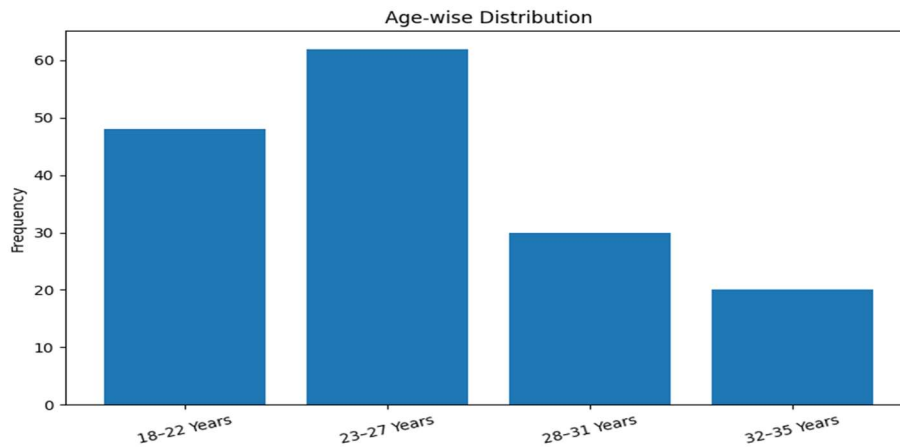


**Chart no 2: Age-wise Distribution**

### Interpretation

Most respondents (38.75%) belonged to the age group of 23–27 years, followed by 30% in the 18–22 years category.

**Table 3: Educational Qualification**

| Qualification              | Frequency | Percentage |
|----------------------------|-----------|------------|
| Undergraduate              | 34        | 21.25%     |
| Graduate                   | 58        | 36.25%     |
| Postgraduate               | 52        | 32.5%      |
| Professional Qualification | 16        | 10.0%      |
| Total                      | 160       | 100%       |

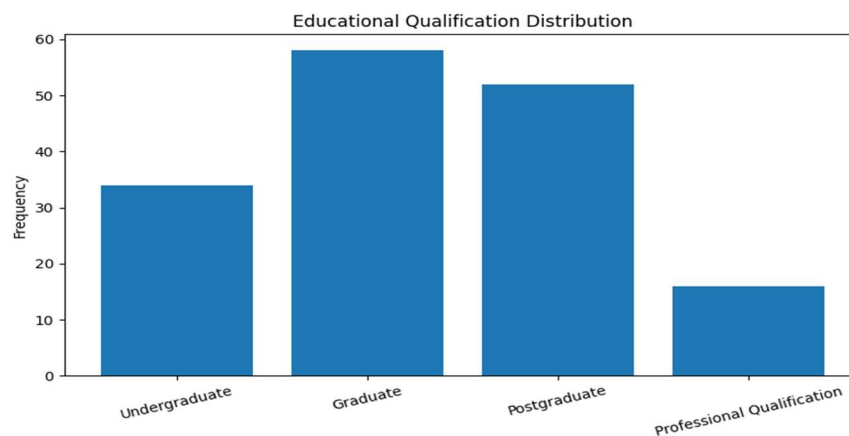


**Chart no 3: Educational Qualification**



## Interpretation

The majority of respondents were graduates (36.25%), indicating that educated youth actively participated in the survey.

**Table 4: Occupation**

| Occupation             | Frequency | Percentage |
|------------------------|-----------|------------|
| Student                | 52        | 32.5%      |
| Salaried Employee      | 58        | 36.25%     |
| Business/Self-employed | 28        | 17.5%      |
| Professional           | 14        | 8.75%      |
| Other                  | 8         | 5.0%       |
| Total                  | 160       | 100%       |

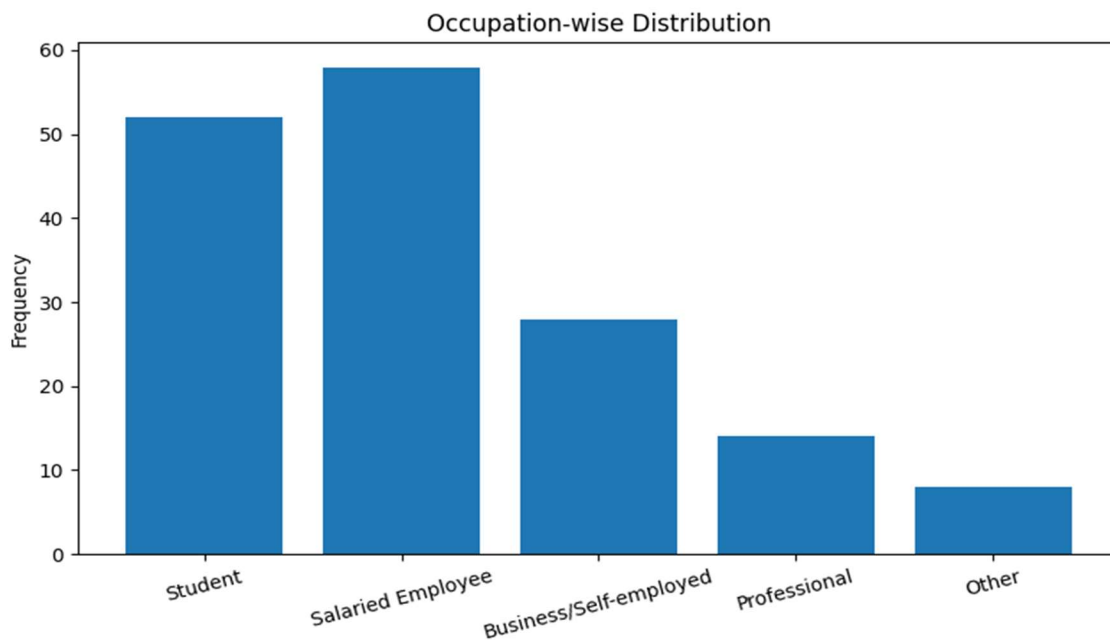


**Chart no 4: Occupation**

## Interpretation

The majority of respondents were salaried employees (36.25%) followed by students (32.5%).

### 4.2. Financial Literacy Analysis

**Table 5: Financial Literacy Level**

| Statement                                      | Mean Score | Interpretation |
|------------------------------------------------|------------|----------------|
| Understanding budgeting and financial planning | 4.12       | High           |
| Awareness of investment options                | 4.05       | High           |
| Understanding risk-return relationship         | 3.89       | Moderate       |



|                                                |      |           |
|------------------------------------------------|------|-----------|
| Comparing financial products before investment | 3.76 | Moderate  |
| Awareness of inflation impact                  | 3.95 | Moderate  |
| Tracking income and expenses regularly         | 3.68 | Moderate  |
| Knowledge about mutual funds and SIPs          | 3.84 | Moderate  |
| Importance of financial education              | 4.32 | Very High |

### Interpretation

The analysis indicates that respondents possess a moderate to high level of financial literacy. The highest mean score (4.32) was observed for the importance of financial education.

### 4.3. Investment Behavior Analysis

**Table 6: Investment Behavior**

| Statement                                  | Mean Score | Interpretation |
|--------------------------------------------|------------|----------------|
| Regular investment for future goals        | 3.88       | Moderate       |
| Preference for safe investments            | 4.01       | High           |
| Investment decisions after analysis        | 3.79       | Moderate       |
| Willingness to take risks                  | 3.42       | Moderate       |
| Investment in mutual funds/stocks          | 3.70       | Moderate       |
| Influence of social media                  | 3.95       | Moderate       |
| Preference for long-term investment        | 4.08       | High           |
| Seeking financial advice before investment | 3.91       | Moderate       |

### Interpretation

Respondents showed positive investment behavior with higher preference toward safe and long-term investments.

### 4.4. Investment Preference Analysis

**Table 7: Preferred Investment Options**

| Investment Option | Frequency | Percentage |
|-------------------|-----------|------------|
| Savings Account   | 20        | 12.5%      |
| Fixed Deposit     | 26        | 16.25%     |
| Mutual Funds      | 42        | 26.25%     |
| Stock Market      | 28        | 17.5%      |
| Gold              | 18        | 11.25%     |
| Insurance         | 14        | 8.75%      |
| Cryptocurrency    | 6         | 3.75%      |
| Real Estate       | 6         | 3.75%      |
| Total             | 160       | 100%       |

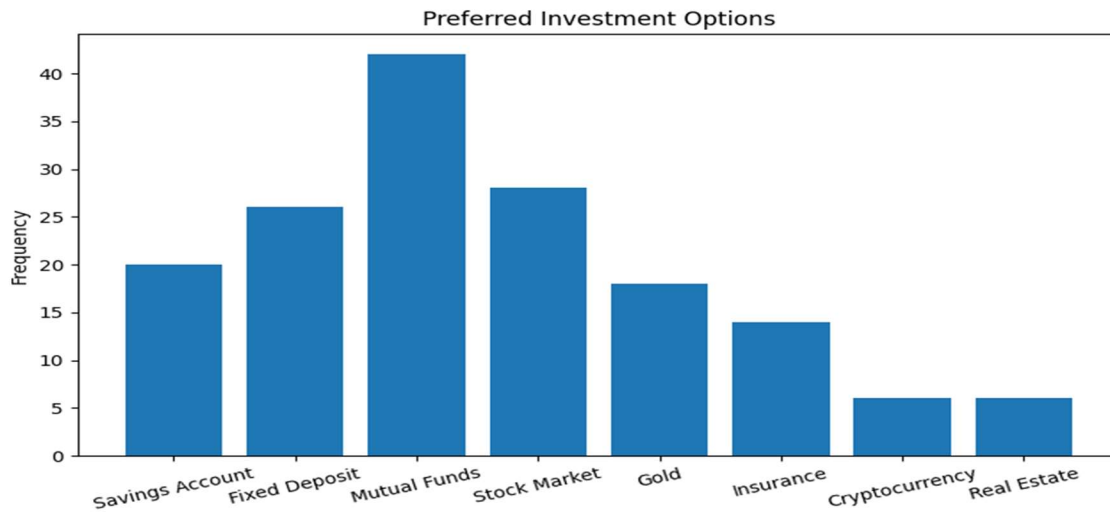


**Chart no. 5: Preferred Investment Options**

### Interpretation

Mutual funds were found to be the most preferred investment option among youth, followed by stock market investments.

## 4.5. Correlation Analysis

### Hypothesis Testing

#### Null Hypothesis ( $H_0$ )

There is no significant impact of financial literacy on investment behavior among youth in Jalgaon.

#### Alternative Hypothesis ( $H_1$ )

There is a significant impact of financial literacy on investment behavior among youth in Jalgaon.

**Table 8: Correlation Analysis**

| Variables                                | Correlation Coefficient (r) | Significance (p-value) |
|------------------------------------------|-----------------------------|------------------------|
| Financial Literacy & Investment Behavior | 0.682                       | 0.000                  |

### Interpretation

The correlation coefficient value of 0.682 indicates a strong positive relationship between financial literacy and investment behavior among youth. Since the p-value is less than 0.05, the relationship is statistically significant.

Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.



#### 4.6. Regression Analysis

**Table 9: Regression Analysis**

| Model Summary      | Value |
|--------------------|-------|
| R                  | 0.682 |
| R Square           | 0.465 |
| Adjusted R Square  | 0.458 |
| Significance Value | 0.000 |

#### Interpretation

The regression analysis shows that financial literacy explains 46.5% variation in investment behavior among youth. The significance value is less than 0.05, which indicates that financial literacy has a significant impact on investment behavior.

#### 5. Findings of the Study

1. The study found that the majority of respondents belonged to the age group of 23–27 years, indicating active participation of young adults in financial and investment activities.
2. Male respondents participated more in the study as compared to female respondents.
3. Most respondents were graduates and postgraduates, which indicates that educated youth are becoming more aware of financial planning and investment opportunities.
4. The study revealed that respondents possess a moderate to high level of financial literacy regarding budgeting, investment options, inflation, and risk-return relationships.
5. Financial education was considered highly important by most respondents for making effective investment decisions.
6. The majority of respondents regularly track their income and expenses, reflecting growing awareness regarding personal financial management.
7. Mutual funds emerged as the most preferred investment avenue among youth, followed by stock market investments and fixed deposits.
8. Most respondents preferred safe and long-term investment options rather than highly risky investments.
9. Social media, online platforms, and digital financial applications were found to significantly influence investment decisions among youth.
10. The correlation analysis showed a strong positive relationship between financial literacy and investment behavior among youth in Jalgaon.
11. Regression analysis confirmed that financial literacy has a significant impact on investment behavior among respondents.
12. Financially literate youth were found to make more informed, planned, and systematic investment decisions compared to less financially aware individuals.
13. The study also observed that awareness regarding modern investment instruments such as SIPs and mutual funds is increasing among youth in Jalgaon.
14. Lack of proper financial education and guidance was identified as one of the major challenges affecting effective investment decision-making among some respondents.
15. Overall, the study concluded that improvement in financial literacy can positively enhance investment behavior and financial decision-making among youth in Jalgaon.

#### 6. Suggestions

1. Financial literacy programs should be organized regularly in colleges, universities, and educational institutions to improve financial awareness among youth.
2. Government bodies such as the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) should conduct awareness campaigns regarding investment planning and financial management.



3. Basic financial education should be included in academic curricula to help students understand budgeting, savings, investments, and risk management at an early stage.
4. Financial institutions and banks should provide simple and accessible guidance regarding investment products such as mutual funds, SIPs, insurance, and stock market investments.
5. Youth should be encouraged to adopt systematic investment planning and long-term financial strategies instead of relying on short-term or unplanned investments.
6. Awareness regarding risk-return relationships and diversification techniques should be increased among young investors to reduce financial risks.
7. Social media and digital platforms should be used effectively for spreading reliable financial information and investment awareness.
8. Workshops, seminars, and training sessions on personal finance and investment management should be conducted at regular intervals.
9. Parents and educational institutions should encourage financial discipline, savings habits, and responsible financial behavior among youth.
10. Financial advisors and investment experts should provide proper guidance to young investors before making major investment decisions.

## 7. Conclusion

The present study titled “Impact of Financial Literacy on Investment Behavior among Youth in Jalgaon” concludes that financial literacy plays a significant role in influencing investment behavior among youth. The study revealed that financially literate individuals are more likely to make informed investment decisions, understand financial risks, and adopt systematic financial planning practices.

The findings indicate that most youth are aware of various investment avenues such as mutual funds, stock markets, fixed deposits, and insurance policies. Mutual funds and stock market investments were found to be the most preferred investment options among respondents. The study also observed that social media and digital financial platforms significantly influence investment decisions among young individuals.

The statistical analysis confirmed a positive and significant relationship between financial literacy and investment behavior. Financially aware youth demonstrated better financial planning, higher investment participation, and improved decision-making ability compared to less financially literate individuals.

The study highlights the need for improving financial education and awareness among youth through educational institutions, government initiatives, and financial organizations. Enhancing financial literacy can contribute toward better financial security, responsible investment behavior, and long-term economic well-being among young individuals in Jalgaon.

## 8. Limitations of the Study

1. The study is limited to Jalgaon district only; therefore, the findings may not be applicable to other regions.
2. The sample size of the study is limited to 160 respondents due to time and resource constraints.
3. The study focuses only on youth aged between 18 to 35 years.
4. The research is based on responses collected through questionnaires, and the accuracy of the study depends upon the honesty and understanding of respondents.
5. The study mainly considers financial literacy and investment behavior and does not include all possible factors affecting investment decisions.
6. Changes in market conditions, economic environment, and financial policies may influence investment behavior over time.
7. Convenience sampling method was used, which may limit the generalization of the findings.



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